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UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES

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Ex parte SUNIL V. THAKUR and
ZULFIQAR N. MOMIN

____

Appeal No. 2008-1349
Application No. 10/085,196
Technology Center 3600

____

Decided: May 5, 2008

____

Before WILLIAM F. PATE, III, HUBERT C. LORIN, and
MICHAEL W. O'NEILL, *Administrative Patent Judges*.

LORIN, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

This is an appeal from a decision of the Examiner rejecting claims 23-30, all the claims on appeal. 35 U.S.C. § 134 (2002). Claims 1-22 have been cancelled. We have jurisdiction under 35 U.S.C. § 6(b) (2002).

THE INVENTION

The invention relates to a method and system for consumers and vendors to provide coupons over the Internet. "In certain aspects of the system, the system records one or more consumer/vendor transactions, calculates a future discount for that consumer for use with that vendor; alerts the consumer to the future discount; and applies the discount when the consumer makes a subsequent purchase from that vendor - either online or at a location of the vendor." Specification, p. 6, ll. 9-14. The claimed invention is to a method comprising determining by a host system whether items purchased by a consumer are items offered at a discount by the vendor and transmitting a signal from the host system to the vendor to cause a discount to such items, "the effecting of said discount done without action by the consumer" (claim 23).

Claim 23, the sole independent claim, is illustrative of the claimed invention:

> 23. A method for carrying out a purchase comprising the steps of:
>
> reading at a point-of-sale terminal located at a vendor consumer-identifying information encoded on a device having a readable data string;
>
> maintaining a database of discounts available at the vendor;
>
> determining on a real-time basis whether the items purchased by the consumer are items offered at a discount by the vendor, said determining not done by the consumer;
>
> transmitting a signal to the vendor to cause a discount to such items purchased by the consumer on an itemized basis that are identified in the database as being offered by the vendor at a discount, said transmitting not done by the consumer;
>
> connecting in an initial split connection connecting the point-of-sale terminal to the host system for communication therewith, the database of discounts maintained in the host system, the host system remote from the point-of-sale terminal;

the host system accomplishing said determining;

the host system accomplishing said transmitting to effect said discount;

initially delaying connection of the point-of-sale terminal to a payment processing system and initially delaying initiation of financial authorization of payment for the purchase;

following said determining and said transmitting, connecting the point-of-sale terminal to the payment processing system and completing the purchase via the payment processing system; and

the effecting of said discount done without action by the consumer.

THE REJECTIONS

The Examiner relies upon the following as evidence of unpatentability:

Kepecs	US 6,009,411	Dec. 28, 1999
Williams	US 6,075,971	Jun. 13, 2000
Hills	US 5,484,988	Jan. 16, 1996
Hoffman	US 5,297,026	Mar. 22. 1994

The claims are rejected as follows:

- Claims 23-25, 28, and 29 are rejected under 35 U.S.C. § 103(a) as being unpatentable over Kepecs, Williams, and Hills; and,
- Claims 26, 27, and 30 are rejected under 35 U.S.C. § 103(a) as being unpatentable over Kepecs, Williams, Hills, and Hoffman.

We AFFIRM. [1]

[1] Our decision will make reference to Appellants' Appeal Brief ("App. Br.," filed Sep. 12, 2006), the Examiner's Answer ("Answer," mailed Nov. 1, 2006, and the Reply Brief ("Reply Br.," filed Dec. 4, 2006).

A. Issue

The issue is whether the Appellants have shown that the Examiner erred in holding that the combination of Kepecs, Williams, and Hills would have rendered the subject matter of claims 23-25, 28, and 29 obvious to one of ordinary skill in the art at the time of the invention.[2] There is also an issue as to whether the Appellants have shown that the Examiner erred in holding that the combination of Kepecs, Williams, Hills, and Hoffman would have rendered the subject matter of claims 26, 27, and 30 obvious to one of ordinary skill in the art at the time of the invention.

B. Findings of Fact

We find that the following enumerated findings are supported by at least a preponderance of the evidence. *Ethicon, Inc. v. Quigg*, 849 F.2d 1422, 1427 (Fed. Cir. 1988) (explaining the general evidentiary standard for proceedings before the Office).

The scope and content of the prior art

1. Kepecs relates to a method and system for distributing and redeeming electronic promotions.
2. Williams relates to a method and system for targeting audiences for coupon distribution.
3. Hills relates to a check writing point of sale system.
4. Hoffman relates to a system for promoting account activity.

[2] Only those arguments actually made by Appellants have been considered in this decision. Arguments that Appellants could have made but chose not to make in the Briefs have not been considered and are deemed to be waived. *See* 37 C.F.R. § 41.37(c)(1)(vii) (2007).

Any differences between the claimed subject matter and the prior art

5. The claimed method differs from the prior art in not using consumer action to effect discounts.

The level of skill in the art

6. Neither the Examiner nor the Appellants has addressed the level of ordinary skill in the pertinent art of computer-implemented methods of providing discounts to purchased items. As such, we will therefore consider the cited prior art as representative of the level of ordinary skill in the art. *See Okajima v. Bourdeau*, 261 F.3d. 1350, 1355 (Fed. Cir. 2001) ("[T]he absence of specific findings on the level of skill in the art does not give rise to reversible error 'where the prior art itself reflects an appropriate level and a need for testimony is not shown.'") (Quoting *Litton Indus. Prods., Inc. v. Solid State Sys. Corp.*, 755 F.2d 158, 163 (Fed. Cir. 1985)).

Secondary considerations

7. There is no evidence on record of secondary considerations of non-obviousness for our consideration.

C. Principles of Law

"Section 103 forbids issuance of a patent when 'the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains.'" *KSR Int'l Co. v. Teleflex Inc.*, 127 S.Ct. 1727,

1734 (2007). The question of obviousness is resolved on the basis of underlying factual determinations including (1) the scope and content of the prior art, (2) any differences between the claimed subject matter and the prior art, and (3) the level of skill in the art. *Graham v. John Deere Co.*, 383 U.S. 1, 17-18 (1966). *See also KSR*, 127 S.Ct. at 1734 ("While the sequence of these questions might be reordered in any particular case, the [*Graham*] factors continue to define the inquiry that controls.") The Court in *Graham* further noted that evidence of secondary considerations "might be utilized to give light to the circumstances surrounding the origin of the subject matter sought to be patented." 383 U.S. at 17-18.

D. Analysis

The rejection of 23-25, 28, and 29 under 35 U.S.C. § 103(a) over Kepecs, Williams, and Hills.

Claim 23

The Examiner argued that Kepecs discloses all the claimed limitations but for applying a discount without action by the consumer, connecting in an initial split connection connecting a POS (point-of-sale) terminal and a host machine, and initially delaying connection of the POS terminal to a payment processing system and financial authorization of payment for the purchase. Answer 3-4. Williams was relied upon to show as known to automatically provide coupons. Answer 4. The Examiner determined that "[i]t would have been obvious to one skilled in the art at the time the invention was made to add Williams to Kepecs because both references deal with coupons and the automatic download thereof is an art recognized equivalent for delivering coupons on demand as taught by Williams." Answer 4. Hills is relied upon

as "disclos[ing] a split dial connection at the POS to allow access three interconnected but separate data files for the purpose of performing different types of authorization [citing col. 8, l. 44 to col. 9, l. 65]." Answer 4. The Examiner determined that "it would have been obvious to one skilled in the art at the time the invention was made, that an alternative to Kepecs's method of instant checking of applicable discounts and the subsequent totaling of the bill would have been to use the split dial connection method taught by Hills to allow checking validity, applicability and authorization of the discounts." Answer 4. As to the delay limitation, the Examiner found that "Kepecs implicitly discloses delay of payment processing until the itemized discounts are computed against the final bill." Answer 4. The Examiner determined that "[d]elaying of connecting of payment processing while split dialing, would also have been [ ] obvious because Kepecs implicitly discloses delay of payment processing until the itemized discounts are computed against the final bill." Answer 4-5.

As to the limitation of applying a discount without action by the consumer, the Appellants argued that "[t]he consumer in Kepecs does <u>not</u> select products and then, without any consumer action, have a discount applied. The consumer in Kepecs selects desired <u>promoted</u> products … . The consumer in Kepecs explicitly and knowingly makes 'selections of discount choices'". (Kepecs, Col. 2, lines 40 - 44)." App. Br. 6-7. (Emphasis original.) The Appellants further argued that "the automatic coupon download of Williams is <u>not</u> the application of a discount as now claimed herein which is effected without action by a consumer." App. Br. 7. (Emphasis original.) The Appellants also argued that Kepecs and Williams

are not properly combinable because Williams involves coupons which Kepecs teaches away from using. App. Br. 7-8. See also Reply Br. 1-2.

We have carefully reviewed the record and find the Appellants' arguments as to the limitation of applying a discount without action by the consumer unpersuasive as to error in the rejection. The difference between the claimed method and that of Kepecs is that a host system selects the discounts to be applied to the products rather than, as in Kepecs, the consumer does the same. We fail to see the patentable significance of having a computer automatically apply discounts to products that, according to Kepecs, a consumer would do by hand. It is generally obvious to automate a known manual procedure. Our reviewing court stated in *Leapfrog Enterprises Inc. v. Fisher-Price Inc.*, 485 F.3d 1157 (Fed. Cir. 2007) that one of ordinary skill in the art would have found it obvious to combine an old electromechanical device with electronic circuitry "to update it using modern electronic components in order to gain the commonly understood benefits of such adaptation, such as decreased size, increased reliability, simplified operation, and reduced cost. . . . The combination is thus the adaptation of an old idea or invention . . . using newer technology that is commonly available and understood in the art." *Id* at 1163. Here, one of ordinary skill in the art would foresee the benefit in using a computer to more efficiently effect discounts as opposed to the cumbersomeness of doing the same by hand.

As to the split dial-up limitation, the Appellants conceded that "Hills discloses a "Split Dial format"" (App. Br. 9) but argued that "Hills's method is not done without user action." App. Br. 9. The difficulty with this

argument is that the claimed action related to the split dial-up, i.e., "connecting in an initial split connection connecting the point-of-sale terminal to the host system for communication therewith" (claim 23), is not required *not* to be done without user action. While the claimed method requires the effecting of a discount to be without user action, the claim is not worded so as to require the specific action related to the split dial-up to be conducted without user action.

As to the delay limitation, the Appellants argued that the "inherent passage of time between these actions [i.e., "user selection of discounts, user initiation of a purchase, reconciliation of selections and purchases, and final effectuation of a discount" of the Kepecs' process (App. Br. 8)] is not a teaching or suggestion of purposefully delaying anything and not a teaching or suggestion of the "delaying connection" and "delaying initiation" steps now claimed herein." App. Br. 8. We are not persuaded by this argument. The Appellants do not explain in what way Kepecs fails to describe the claimed delaying steps. That the Appellants seek to "purposely" effect delays admitted to be inherent to the Kepecs process is not patentably consequential where the difference in the steps of effecting delays is not made evident.

The Appellants also made remarks about the cited references not showing using a split dial-up in conducting the delaying steps. See App. Br. 9. But they are not commensurate with what is claimed. Nothing in the claim associates the delay steps with the split dial-up.

No other limitations having been raised, we find that the Examiner has made out a prima facie case of obviousness and that Appellants have not shown error in that prima facie case.

Claim 24

Claim 24 calls for calculating a future discount based on a payment amount for the completed purchase. The Examiner argued that the subject matter of claim 24 is suggested by Kepecs' disclosure at col. 8, l. 12-46 describing providing discounts based on a consumer's purchasing history. The Appellants argued that this Kepecs' disclosure "has nothing to do with and is in no suggestive of the 'calculating' of a future discount." App. Br. 10. We disagree. To one of ordinary skill in the art, providing a discount based on a consumer's purchasing history necessarily means calculating the discount based on past purchases. One of ordinary skill in the art reading Kepecs would understand that the calculated discount could be applied to purchases in the "future."

Claim 25

The Appellants relied on arguments raised against the rejection of claim 23 to argue against the rejection of claim 25. Those arguments having been found unpersuasive as to error in the rejection of claim 23, they are found to be equally unpersuasive as to error in the rejection of claim 25. The Appellants also criticized the Examiner for making what the Appellants alleged was a "conclusory statement of alleged obviousness with no basis and no evidence." App. Br. 10. We disagree. Claim 25 calls for proving the consumer with information about the future discount. The Examiner rightly argued that once a future discount is determined, it would have been obvious to inform the consumer. This is certainly evidenced by Kepecs which, as the Appellants have previously argued, describes discounts effected by consumers, of which they have been informed.

Claim 28

The Appellants have not separately argued claim 28. Accordingly it stands or falls with claim 23, on which it depends.

Claim 29

The Appellants relied on arguments raised against the rejection of claim 23 to argue against the rejection of claim 29. Those arguments having been found unpersuasive as to error in the rejection of claim 23, they are found to be equally unpersuasive as to error in the rejection of claim 29.

The rejection of 26, 27, and 30 under 35 U.S.C. § 103(a) over Kepecs, Williams, Hills, and Hoffman.

Claims 26-27

Claim 26 further limits the method of claim 23 by adding a step of "calculating an amount of a retirement account contribution for a consumer based on a payment amount for the completed purchase."

The Examiner argued that "Kepecs does not disclose means for calculating an amount to a retirement account contribution for a consumer based on the transaction information or based on the calculated amount." Answer 6. The Examiner relied upon Hoffman as showing "giving rewards for purchases in the form of a percentage of the amount spent deposited in a customer account earning interest at a higher rate (abstract)" (Answer 7) and that it is well known to use retirement accounts as incentive accounts: "one skilled in the incentive arts would have known from Hoffman's teachings regarding the use of such incentives accounts to include retirement accounts such as to lure naive aging baby boomers to spend more." Answer 7. The

Examiner also argued that "[a]s to the basis of such reward being the nature of the transaction such marketing technique is well known … ." Answer 7.

The Appellants argued that neither Kepecs nor Hoffman teach or suggest "either retirement accounts or calculating an amount of a contribution to such an account based on a payment amount." App. Br. 12. However, the Examiner's argument is not that these features are per se recited in Kepecs or Hoffman but that it would have been obvious to one of ordinary skill in the art over these references in light of the conventionality of using retirement accounts as incentives to calculate an amount of a retirement account contribution for a consumer based on a payment amount for the completed purchase. The Examiner has provided a motivation for doing so ("to lure naive aging baby boomers to spend more"), which has not been refuted, and thus has established a prima facie case of obviousness for the claimed method. Since the Appellants' arguments are not persuasive as to error in the rejection, the rejection is sustained.

Claim 30

The Appellants have not separately argued claim 30. Accordingly it stands or falls with claim 23, on which it depends.

E. Conclusion of Law

On the record before us, the Appellants have failed to show that the Examiner erred in rejecting the claims over the prior art as a whole.

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DECISION

The rejections of claims 23-25, 28, and 29 under 35 U.S.C. § 103(a) as being unpatentable over Kepecs, Williams, and Hills; and, claims 26, 27, and 30 under 35 U.S.C. § 103(a) as being unpatentable over Kepecs, Williams, Hills, and Hoffman, are affirmed.

No time period for taking any subsequent action in connection with this appeal may be extended under 37 C.F.R. § 1.136(a). *See* 37 C.F.R. § 1.136(a)(1)(iv) (2007).

AFFIRMED

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